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U. S. Looks to Nehru for Asian Leadership

Prime Minister Nehru's visit to this country accentuates the recent and rapid flowering of relations between India and the United States. Never before have the two countries been linked by so many bonds as they are today. A record number of Indian students in this country are absorbing not only American technology but more generalized American approaches to life. In its present period of rehabilitation and development, India relies heavily on the United States for food stocks, capital goods and technical know-how. Americans at the same time are seeking trade opportunities and studying the possibilities of investment in India.

Mutual Interests

India's efforts to evolve democratic political institutions are closely watched in this country not only because the new Indian constitution, which is expected to be adopted this month, draws much of its inspiration from British and American democratic concepts, but also because the ultimate success or failure of India's political system will largely determine how far Asia can develop along non-totalitarian lines.

The China debacle, moreover, has sharpened our awareness of the strategic interests we have in common with India. So far India's foreign policy has been anchored to the concept of non-entanglement in great power controversies; yet both we and India are concerned with political stability and with the problems of buttressing non-Communist Southern Asia. It would therefore be surprising if Prime Minister Nehru's discussions with Amer-

ican leaders did not touch on matters of mutual strategic concern.

Such absorbing parallel problems are an entirely new feature of Indo-American relations, which extend back to the era of the clipper ships and the Madras governorship of Elihu Yale, whose financial accumulations in India made possible his benefactions to a college in the American colony of Connecticut. Since that era, trade and consular connections have been maintained, but until a half dozen years ago the United States had no diplomatic representation in India. Problems of state were settled with London, not with Calcutta or New Delhi. Indian students competing for posts in the Indian government rarely found an American academic degree to be an advantage, and many Americans knew India principally as the land of grinding poverty, maharajas and Mahatma Gandhi.

India's Problems

Like the United States after 1776, India won its independence in 1947 only to find itself confronted with far more complex problems than the struggle for political freedom. The Punjab terror that accompanied the separation of Pakistan from India laid on the infant Indian government, as on the Pakistan regime, the burden of caring for and resettling five million refugees. Continued hysteria between Sikhs and Hindus, on the one side, and Muslims, on the other, cost the life of the national leader, Gandhi. In the wake of World War II, the country has been rocking under the disintegrating impact of intense inflation, run-down transportation

systems, a production crisis, and severe food shortages which the battered economies of Burma and Thailand, India's customary sources of food, have been unable to alleviate. Critical slow-down campaigns and waves of strikes reflect widespread labor unrest.

The infant government has also been confronted with the basic social revolution that is sweeping many parts of Asia. In India today the rigidity of caste and of the joint family system is plainly cracking at the edges. These changes may prove to be good. The constitutional elimination of untouchability, the uplift of depressed classes, the grant of increased rights to women, the redistribution of land and other reforms will help to modernize India. At the same time, however, the shift from social stability to social ferment can be very difficult for a government that is simultaneously faced with political opposition from the Hinduistic and capitalist Right, the socialist Left, Communist authoritarianism and a variety of local movements with different aspirations.

Advances Under Nehru

Under these circumstances, India might be considered a weak link in any international scheme. Yet, despite its towering difficulties, the Nehru government has made impressive advances during its first twenty-six months of political responsibility. Inheriting a truncated administrative structure in a condition of widespread anarchy, it re-established the rule of law and order. It has welded the country together by merging more than 500 previously separate princely states either into

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states' unions or into neighboring provinces or into zones administered by the Central government. It has undertaken social reforms and mass education projects. To harness and develop natural resources it is pushing ahead with several dozen river projects, the largest of which compare favorably with the Tennessee Valley Authority.

In these enterprises and the development of a broader industrial base, India is frankly looking for aid where it can find it—and that means, to a substantial degree, the United States. The early nationalist fear of American "financial imperialism" has ceased to restrain government leaders (although many other Indian nationalists still agitate against "dollar imperialism"). After several shifts of policy, the Indian Government has decided to guarantee that foreign enterprise will have equal treatment with Indian concerns, as

well as the privilege of withdrawing profits in dollars. Some foreign companies still feel restricted by Indian domestic regulations, and in a few such cases hope has been held out for special arrangements. Thus, although India has by no means a purely capitalist economy, it is seeking to attract more American capital.

In the sphere of strategy, India's international position is already recognized. The successes of Chinese communism leave India, along with Pakistan, the only large continental zone in Asia remaining outside the Red orbit. India's leaders understand and approve the renaissance that is occurring in the countries of Southern Asia, and have led in the development of a regional consciousness among the young nationalist forces there. Under the world-minded guidance of Prime Minister Nehru, however, the Indian leadership, like that of the United States, op-

poses further Communist political expansion.

Public policy in both countries supports the advance of the peoples of Asia by other means. In this process India, so long as it remains internally secure, is strategically placed to exercise far-reaching influence. United States interest and help are also important, for South Asia lacks the developed resources to accomplish the task alone. It is hardly to be expected that the two countries' foreign policies will always coincide, since they are based on differing priorities if not differing national premises. But as Asia gains importance in world affairs, the mutual interests of the United States and India seem destined to increase comparably.

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Wage Issue Precipitates Political Crisis in France

Paradoxically the collapse of the thirteen-month old French cabinet led by Premier Henri Queuille on October 5 occurred at a moment when France was making remarkable progress in industrial recovery and foreign trade. The fall of the government reflected political tensions within the coalition "third force" cabinet resulting from the conflicting interests of the constituent parties. These tensions were suddenly aggravated by recent international developments, notably the devaluation of the British pound on September 18.

Labor's Wage Demands

The cabinet crisis was precipitated by the workers' demands for compensatory wage increases. The chief benefits of the government's successful program for boosting production had largely gone to the peasants and the middle class groups, while the industrial workers had obtained no comparable increase in their government-controlled wages for over a year. Agitation for change was already widespread when the devaluation of the pound, with the anticipated need for general tightening of belts, accentuated the problem. The ensuing devaluation of the franc made it imperative for the government to do something for the workers without at the same time reviving the trend toward inflation. For inflation would raise the cost of French goods abroad, and thereby obstruct the closing of the dollar gap, which remains France's basic economic problem.

The independent *Force Ouvrière* and the Catholic unions, as well as the Communist-led C.G.T., immediately began to press for substantial wage increases. The Socialist and Popular Republicans (MRP), afraid of losing indispensable support from labor, felt obliged to make a determined stand for wage increases. Their failure to do so, they feared, might cause many workers to shift to the Communist party.

The moderate Radical Socialists headed by Premier Queuille, and especially the Finance Minister Maurice Petsche, argued that wage increases would be dangerously inflationary but that comparable increases in the purchasing power of the workers could be obtained through price cuts on consumers' goods. These cuts Petsche hoped to obtain by increased purchases in the depreciated sterling area, reduced import restrictions which would intensify domestic competition, and stricter credit and price fixing policies. The workers, however, recollecting past experience placed no stock in price-cutting promises. Although a compromise on the wage problem appeared to have been almost reached by October 3, the Socialist Minister of Labor, Daniel Mayer, was unable to agree on details with M. Petsche, despite the Premier's attempts to mediate. This lack of agreement brought about Queuille's resignation.

The wage dispute was aggravated by a number of international developments which intensified the pressures on the

government. Most important of these was the manner in which the British devaluation was announced. Although M. Petsche in Washington had been given a few days notice, he had not yet returned to Paris when the hastily assembled cabinet met on September 19 to improvise a policy.

Impact of Foreign Pressures

Pending announcement of the government's policy, considerable confusion developed and the press sensationalized the situation, blaming the British and forecasting inevitable price and wage increases. Actually the British devaluation had been sought by the French themselves as a means of eliminating the awkward cross currency rates and of establishing greater convertibility of currencies. Had Britain devalued only about 25 per cent, the result would have coincided with the French "free" rate of about 330 francs to the dollar. As it was, France had to reduce the rate by only about 5.6 per cent to 350 francs to the dollar to match the 30.5 per cent devaluation of the pound.

Because France pays for only about 12 per cent of its dollar imports from dollar-earning exports, the French were concerned lest the depth of the British devaluation would establish what M. Petsche termed a "trade-war rate," threatening to cut into France's already small American market. Alarm over this prospect and the desire to stabilize France's international exchange position caused M. Petsche

to propose the establishment of a European monetary union. France plans also to consult the OEEC at its forthcoming October meeting on this whole problem.

The technical consequences of devaluation for France were, on the whole, not serious, but the dangers were exaggerated by the press and were readily seized upon by the impatient workers and the opposition parties. Moreover, the manner in which the British decision to devalue was reached without consulting France undermined the idea of European unity of action which had been the avowed objective of various organizations, from the International Monetary Fund to the OEEC and the Council of Europe. The French Socialists in particular were annoyed and embarrassed because they had accepted at face value Sir Stafford Cripps' assurances that devaluation would be unnecessary. The Socialists have also been put on the defensive by American policy which, whether because of underlying opposition here to socialism or because of support for the "sound" financial policies of M. Petsche, has been interpreted in France as hostile to labor.

In the background of the crisis were the announcement of an atomic explosion in Russia, which increased French doubts about the security value of the North Atlantic pact, and current developments in Germany which have again aroused apprehensions in France. Each party, moreover, although for different reasons, is affected by the situation in Indo-China which threatens to become more acute as the Chinese Communists approach the Tonkin border.

Finally, the very stability of the Queuille cabinet has proved a disadvantage. The diverse parties united in the coalition cabinet had held together primarily from common fear of the Communists and Gaullists. As these extremist groups appeared to decline in strength, the moderate groups became more ready to put their party interests above those of the coalition as a whole.

Prospects for Stability

Although recent reports from Paris indicate that the average Frenchman is taking the cabinet crisis with equanimity, the party alignment of the new government may determine the prospects for survival of the "third force." President Auriol began his search for a new Premier by asking Jules Moch, Socialist Minister of the Interior, to undertake consultations with other political leaders in order to make recommendations for a new program.

Should it prove impossible for M. Moch or any other Socialist to form a cabinet, the choice will pass to a Popular Republican, or more likely to a Radical. If any government were formed without Socialist participation, it would have to rely on Rightist elements. This would tend to increase popular support for the Communists and might weaken the Socialists, who have heretofore played a key role in maintaining the third force coalition. Failure to form a cabinet might lead to dissolution of Parliament and new elections that might result in political polarization around Communists and Gaullists—a development that might prove disastrous for

France's internal peace and drastically affect its international orientation.

On the other hand, should Moch or another Socialist prove successful, the third force coalition might be maintained—but only at the cost of wage increases which, in turn, could cause an inflation with harmful domestic and international consequences.

The outlook in France has not been improved by the attitude of the United States, which since the war has tended to frame European policies primarily in consultation with Britain, as in the case of devaluation and of the German control law of November 10, 1948. Only after the reverberations of these policies have adversely affected the situation in France does Washington hasten to make extemporaneous adjustments in the light of the continental situation. Had French needs and sensitivities been fully considered during the talks which led to devaluation, it is at least possible that the outlook in France might not be so gloomy today. It is ironical that France's weaknesses should lead the United States and Britain to adopt the very policies which aggravate those weaknesses.

Despite the anomalies of its political situation and the lack of consideration shown by the United States and Britain, France may succeed in establishing another compromise government which would manage to hold together the third force regime, and at the same time consolidate without overwhelming losses the promising economic gains made during the past year.

FRED W. RIGGS

FPA Bookshelf

Their Finest Hour, by Winston S. Churchill. Boston, Houghton Mifflin, 1949. \$6.00

The second installment of Churchill's gripping account of World War II. This historic chapter concentrates on 1940, "this tremendous year . . . the most splendid . . . the most deadly" when Britain, "alone, but upborne by every generous heartbeat of mankind, . . . defied the tyrant in the height of his triumph." Some may differ with various points in the wartime Prime Minister's narrative—France's Paul Reynaud has done so already—but no one can contend that he does not tell his own story well.

Sinews of Peace, by Winston S. Churchill, edited by Randolph S. Churchill. Boston, Houghton, Mifflin, 1949. \$3.00

A collection of twenty-nine postwar speeches taking its title from Churchill's address at Fulton, Missouri, in March 1946. It reveals him in his various roles as an honored wartime leader enjoying an "odor of civic freedom," a militant leader of the opposition in British politics, an advocate of European union and a severe critic of Soviet Russia.

Maxims and Reflections, by Winston S. Churchill, selected by Colin Coote and Denzil Batchelor. Boston, Houghton Mifflin, 1949. \$2.75

A selection of short excerpts of Churchill's writings and speeches demonstrating his flair for vivid phrase-making through the years. Wit, sympathy, scorn, vanity and courage are mirrored in these pages.

Poland Struggles Forward, by William Cary. New York, Greenberg, 1949. \$3.00

Impressions of a 1947 visit to Poland by an American sympathetic to the postwar reconstruction efforts of the Poles, who does not attempt to temper his enthusiasm with critical analysis.

European Beliefs Regarding the United States, a survey under the direction of Henry Lee Munson. New York, Common Council for American Unity, 1949. \$2.00

A useful—but by no means unimpeachable—study of what Europeans think of the Marshall Plan, American foreign policy, the controversy between the United States and Russia and certain aspects of American domestic policy. Based largely

on the results of a questionnaire answered by 1,702 observers of European opinion, it finds that Europeans believe that American foreign policy is "too changeable," that Americans are "too materialistic" and that American national policy is primarily determined by "big business."

Economic Planning: The Plans of Fourteen Countries with Analyses of the Plans, by Seymour E. Harris. New York, Knopf, 1949. \$6.00

A distinguished Professor of Economics at Harvard University presents a valuable collection of economic plans ranging from the United States and Canada to the U.S.S.R. He points out in his introduction that in contrast to 1913, when "the planned economy existed only in the minds or scribbles of leftward theorists," few countries under the conditions of the past two decades "could afford to be without at least some degree of planning."

Again the Goose Step: The Lost Fruits of Victory, by Delbert Clark. New York, Bobbs-Merrill, 1949. \$3.00

A former Berlin correspondent of the *New York Times*, now that newspaper's Director of

Educational Activities, has performed a public service by courageously presenting this unvarnished picture of Germany under Allied occupation. His book is an urgently needed corrective for current complacency about what is thought to be our success in "democratizing" the Germans and winning them over to our side.

The Age of Revolution, by J. J. Saunders. New York, Roy, 1949. \$3.50.

A stimulating survey of the rise and decline of Liberalism since 1815, by a British historian who writes urbanely and with a refreshing sense of proportion. He reaches the conclusion that we may have entered the final stage of the revolution launched by the humanists of the pre-1789 period and may be on the threshold of the "New Middle Ages" which, however, "will be very different from the Old.

The State of Europe, by Howard K. Smith. New York, Knopf, 1949. \$3.75

The chief European correspondent for CBS, now stationed in London, who is remembered as the author of *Last Train from Berlin*, gives a wide-ranging, dispassionate analysis, country by country, of postwar developments in Europe. His verdict is that both Russia and the West "are to blame for our parlous condition" and that there is no reason why the United States should leave Russia "a seeming monopoly of social change."

The Inside Story of an Outsider, by Franz Schoenberner. New York, Macmillan, 1949. \$3.50

In this volume the former editor of the German satirical weekly, *Simplicissimus*, continues the story of his life begun in the *Confessions of a European Intellectual*. He tells of his flight from Germany as an anti-Nazi in 1933, his years of exile in France and his escape to America. The book is notable for its account of the author's first experiences in America, for its informal and winning style and for its penetrating observations on the world scene, especially on the situation in Germany.

Reflections on Our Age, Lectures Delivered at the Opening Session of UNESCO at the Sorbonne University, Paris. New York, Columbia University, 1949. \$4.50

A collection of essays covering a wide range of topics—from "Reflections on an Apocalyptic Age" by Emanuel Mounier to "International Aspects of Education" by C. M. Bowra—is here arranged under three general heads: culture, science and education. Internationally known writers such as Jean-Paul Sartre, André Malraux, Louis Aragon, Professor J. Needham, A. H. Compton, Julian Huxley, William G. Carr and Yuen Ren Chao are represented.

Americans Betrayed: Politics and the Japanese Evacuation, by Morton Godzins. Chicago, University of Chicago, 1949. \$5.00

This detailed analysis based upon minute examination of documents and personal interviews, reveals the pressures and processes by which the decision to evacuate all West Coast Japanese was taken. The book is important as a case study of political action, but its especial significance lies in the disturbing implications of this experience for the future of minority rights in America.

Report on America, by Robert Payne. New York, John Day, 1949. \$3.50

With the penetration and insight of a poet and with the poet's gift for graphic and evocative

Branch and Affiliate Meetings

*BETHLEHEM, October 14, *The Present Economic Crisis in Britain*, Arthur M. Skeffington, M.P., Elmer C. Bratt

NEW YORK, October 19, *Dinner in honor of Prime Minister Nehru*

*MILWAUKEE, October 20, *Western Europe's Problems in Southeast Asia*, Albert F. Houghton

MILWAUKEE, October 20, *American Policy in Japan*, Joseph W. Ballantine, Willard Townsend

*PITTSBURGH, October 20, *Crisis in China*, John Roderick, Preston Schoyer, James Lieu

WORCESTER, October 20, *Yugoslavia: On The Firing Line Between East and West*, Miroslav Kerner, Kirtley Mather

*BUFFALO, October 22, *The U.N. Reports to the Niagara Frontier*, Hon. Warren R. Austin

NEW YORK, October 25, *The World Over*, Brooks Emeny

*CLEVELAND, October 26, *The Struggle for Democracy: Sun Yat Sen and the 1911 Revolution*, Harold M. Vinacke

*MILWAUKEE, October 27, *American Foreign Policy and the United Nations*, Adolph I. Mandelker

*Data taken from printed announcement

How Is U.S. Foreign Policy Made?

This question is constantly being asked both here and abroad. For an up-to-the-minute analysis of the various agencies that participate in the making of American foreign policy, with a chart of the top-level organization of the State Department, READ:

HOW U.S. FOREIGN POLICY IS MADE

by Vera Micheles Dean

October 1 issue

Foreign Policy Reports—25 cents

Subscription \$5; to FPA members, \$4

statement, Robert Payne has added to his prolific output of books on Asian themes a new volume recording his observations and reflections on American life. He finds this country passing through a spiritual crisis in which a final choice must be made between tyranny and naked force and the realization of the promise inherent in the American dream. He also sees a global crisis in which the problem "is not how to make peace with Russia, but how to create a world in which the people find peace endurable."

News in the Making

With the proclamation in the Soviet sector of Berlin on October 7 of an *East German state*, the struggle between the Western powers and Russia over the future of Germany entered a new and more acute phase. The East German state, to be known as the German Democratic Republic, with Otto Grotewohl, co-chairman of the Social Unity (Communist) party as Minister-President or Chancellor, claims sovereignty over all Germany. It is expected that Moscow will now offer to negotiate a *peace treaty* restoring German unity and to make at least a token withdrawal of occupation forces. Meanwhile, on October 6 a trade agreement was signed by officials of Western and Eastern German trade organizations. . . . The immediate issue is *what to do about Berlin*. If the former capital were absorbed into the East German state, it would become a great drawing-card in the hands of the Russians and the East German Communists. Hitherto, France has opposed inclusion of the western sectors of Berlin in the West German state, fearing restoration of Berlin as the center of a unified German nation. Now the United States and Britain will press for a reversal of French policy on this point. . . . In the wake of accusations that Yugoslav diplomats had acted as spies in Cominform capitals, the Eastern European countries are reported to be taking action against "unreliable" elements. In *Czechoslovakia* a wave of arrests has affected a wide range of persons, principally from the ranks of the middle class, although some Communists were also apparently included. . . . In *Austria* the second national elections since the war resulted on October 10 in a significant vote for the League of Independents, a group that has made its appeal to former Nazis. The League, winning approximately 12 per cent of the total ballots at the expense of both the People's party and the Socialists, emerged as the third strongest group—after the conservative People's party and the Socialists—with the Communists running a poor fourth. Chancellor Leopold Figl of the People's party will probably re-form a coalition with the Socialists.